



WELLCOM DELIVERS SOLID GROWTH AND RAISES DIVIDENDS PER SHARE

19 AUGUST 2010

Wellcom Group Limited (Wellcom) (ASX: WLL), a leading provider of pre-media, web print and digital asset management services in Australasia and the United Kingdom, primarily to corporations and retailers, today announced its results for the year ended 30 June 2010.

	FY10 \$m	FY09 \$m	Change
Revenue	80.85	78.53	+3%
EBITDA	14.30	13.49	+6%
EBIT	10.98	10.25	+7%
Net Profit After Tax	7.66	6.70	+14%
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Earnings Per Share	19.55	17.09	+14%
Dividend Per Share	14.00	12.00	+17%
Franking (%)	100	100	-

In commenting on the result, Mr Wayne Sidwell, Executive Chairman of the Wellcom Group said, "We are pleased to report a result reflecting a 14% increase in profits after tax. The strong EPS growth was underpinned by organic sales growth in the Australasian pre-media business driven by increases in both managed hub revenues and non-contracted jobbing work, and tight control of costs. The general downturn in the UK market detracted from the result slightly, though this business has been restructured and achieved a significant improvement in operating performance during the second half of the year."

"We continue to work closely with clients to deliver the benefits of the range of our services whilst we manage their content and digital assets, reduce lead times and realise savings in time, resources and costs. We are committed to the ongoing development of our proprietary Knowledgwell software to enable us to achieve this."

"Wellcom has further increased its global footprint during 2010, opening for business in both Singapore and Malaysia. This presents a number of new exciting opportunities for the Group," Mr Sidwell concluded.

OPERATING PERFORMANCE

Wellcom recorded revenue growth of 3% to \$80.85 million for the year to 30 June 2010. This result reflects organic revenue growth from TFM (hub) facilities in the corporate and retail sectors and an increase in both Wellcom's and Cadillac Printing's jobbing work.

Australian pre-media margins continued to increase, however web-printing experienced a fall in margins resulting from the outsourcing of work late in the calendar year due to capacity constraints and some materials price increases. The restructuring of the UK pre-media business was completed during the first half of the year with the second half evidencing significant improvement.

iPrint, the 50%-owned print management joint venture with Australia Post, continues to perform satisfactorily in a competitive market, contributing \$1.01 million (2009: \$0.94 million) of equity-accounted earnings. iPrint has benefited from steady volumes from its major customers in the year and a small improvement in margins.

Total EBIT for the year increased by 7% to \$7.66 million (2009: \$6.7 million). The result is after absorbing \$0.51 million of restructuring costs.

The full year effective tax rate of 26% predominantly reflects the contribution of \$1.5 million of joint venture profits paid as dividends during the year.

CASH FLOW AND BALANCE SHEET

The company has registered a strong improvement in operational cash flow which, at \$11.1 million, represents a 44% increase over the previous financial year. Over the course of the year Wellcom has moved to a position of no net debt from a net debt position of approximately \$4.76 million. Year end gearing (net debt:equity) of 0.3% (2009: 9.7%) provides a sound financial base and the flexibility to pursue growth opportunities as they arise.

DIVIDEND

The Directors have declared a fully franked final dividend of 8 cents per share, bringing the full year dividend to 14 cents per share, fully franked. This equates to a payout ratio of approximately 72% (2009: 70%). The record date for determining entitlements to the final dividend is 3 September 2010, and payment will occur on 17 September 2010.

OUTLOOK

Wellcom is confident of full year EPS growth in FY11 based on organic sales growth, full year contributions from recent contractual wins, and a stabilisation in the operating performance of the UK pre-media business. This is notwithstanding the proposed divestment of the Cadillac Printing business, subject to ratification by shareholders at the Wellcom Group AGM on 21 October 2010.

The company is in a strong financial position to be able to consider complimentary acquisitions that would further augment both the geographic and production capabilities of the business and deliver increased shareholder returns over the longer term.

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